



Representative Tom Petri Reports to The Sixth District

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The Big and Small Economic Picture

BY REPRESENTATIVE TOM PETRI

Technically, we are not in a recession, but economic growth has remained sluggish for far longer than just about anybody expected. Things are okay if you have a job, but everybody longingly remembers the good old days of the late '90s when companies were doing business hand-over-fist and hiring every warm body that walked through the door.

With hindsight it's clear that irrational exuberance got the better of us during the last decade, resulting in widespread investing based more on optimism than common sense. Parts of the economy were characterized by this joke: "We lose money on every item we sell, but we'll make it up through a high volume of sales."

The crucial technology sector has remained in a slump partly because computers became so powerful a few years ago that few people have found any need to keep buying the latest model the way they used to. Add to that the costs and uncertainty introduced by the 9/11 attacks and the War on Terror plus the economic troubles of our international trading partners and we can see how the economy got to where it is today.

I remain confident of our prospects, however. Interest rates are at rock bottom, making corporate investments unusually affordable. Many executives are ready to expand - they're just waiting to be sure that their customers are ready to jump into the pool at the same time.

For the longer term, scientific knowledge is advancing at an amazing pace, creating immense opportunities to do things better, faster and cheaper.

Productivity is growing rapidly, which has a paradoxical effect. Technological advances are allowing employers to produce more goods with fewer workers. Initially that means higher unemployment, but pretty quickly corporate savings get invested in new

facilities which brings unemployment back down and leaves the vast majority with a higher standard of living. This is the process that has left every American generation ultimately better off than the one which preceded it— and it's a process that's likely to accelerate.

In the meantime, we have to do what we can at the local level to build and defend our prosperity.

I recently joined in efforts to bring a Boeing aircraft factory to the district and fought a proposed federal subsidy for a ferry scheduled to operate out of Milwaukee in unfair competition with the S.S. Badger, a ferry that is important to Manitowoc's economy.

Ultimately, the state decided not to pursue Boeing and the Milwaukee ferry got its subsidy, but the two efforts point the way toward greater cooperation between state and local governments and the Wisconsin congressional delegation as we work to bring more opportunities to our state and district.

Jobs and opportunity are the reasons why I sought out membership on both the House Committee on Education and the Workforce and on the Transportation and Infrastructure Committee. I'm currently the Vice Chairman on both committees, and the Chairman of the Highways, Transit and Pipelines Subcommittee.

I'm proud of my efforts to strengthen education in Wisconsin and America as a whole, and my work on highways has been essential to our successes in finally winning a fair share of transportation funds for our state - funds which mean construction jobs in the short run and improved competitiveness for our employers over time.

The national economy should be back on track



Fond du Lac native Katherine Ashton was promoted to Colonel in the U.S. Marine Corps Reserve in a Pentagon event Jan. 31, held in an office damaged when terrorists flew a passenger jet into the building on Sept. 11, 2001. Ashton had been working across the hall at the time of the attack, and found her way out just moments before her office collapsed into the hole rammed by the airliner. At her request, Rep. Petri was on hand to witness the promotion.

shortly, and our area is well positioned to prosper. We need continued and improved cooperation between federal, state and local officials, with area schools and with employers and employees to make the most of our opportunities. ■

Education Efforts Advancing

In late May Wisconsin became the 21st state to have its "No Child Left Behind" accountability plan approved by the U.S. Department of Education. Among the new provisions are requirements that 95 percent of students in certain grades take state-mandated tests and meet minimum attendance and graduation benchmarks. Expectations for student performance on the state's math and reading tests also will increase, with the goal that 100 percent of students at all schools reach proficiency by 2014.

Under the plan, schools that go two years in a row without meeting the new standards could be "identified for improvement." If efforts to improve fail, inadequate schools will be subject to a number of changes, including replacing school staff.

Of course, the purpose of educational reform is not to punish underperformers but rather to tar-

get them for extra effort. The catch here is that in the past we have responded to bad schools by giving them more money only to see little discernible improvement. While the new tests are unpopular in some quarters, they will bring into sharper focus the questions of "How are we doing?"; "Who needs help?" and "Is the extra help working?"

Education is mostly a local responsibility. That's appropriate as local parents, students, educators and elected officials usually can be expected to have more knowledge and concern about their schools than can anybody in the far-off capital. But having an educated citizenry is also a national concern, which is why the federal government helps to set standards and provide resources, especially where the need can be shown to be greatest.

Accordingly, federal funding for education has more than doubled over the past six years. Discretionary appropriations for the U.S. Department of Education have climbed from \$23 billion in the 1996 budget year to \$53.1 billion this year - an increase of 132 percent.

In the first year of President Bush's No Child Left Behind effort, federal education funding was increased by \$7.7 billion to a total of \$49.9 billion for the 2002 budget year.

For the 2003 budget year, states will receive another significant increase (\$4.2 billion) in federal education aid to a total of \$53.1 billion. The increase includes \$11.7 billion in Title I aid for America's neediest students, \$2.9 billion for Teacher Quality grants, \$384 million to help states develop and implement assessments and \$993 million for Reading First grants. ■

Accomplishments in the House

What have we been doing in the House of Representatives since the current Congress came into session in January? Here are a few examples:

✓ **Wartime budget:** The House and the Senate agreed on a congressional budget resolution which included funding for pro-growth tax cuts, a Medicare prescription drug benefit, homeland security, the war on terrorism, and our effort to free Iraq from Saddam Hussein's repressive regime. This budget's adoption has set the stage for the smoothest appropriations process in several years.

✓ **Jobs and Growth Act:** On May 28, 2003, President Bush signed this legislation into law providing an economic stimulus through tax reductions for individuals, businesses, and investors. Its provisions include the increase in the Child Tax Credit, the immediate elimination of the marriage tax penalty, higher expensing limits for small businesses and a reduction in the maximum tax rate on capital gains and stock dividends.

✓ **Accelerated refundable child tax credits to low income families:** Both the House and Senate have passed legislation to extend the 2003 and 2004 increase in the Child Tax Credit to low-income families. The House bill differs from the Senate version in that it makes the increase effective through 2010. At this writing, these bills have been referred to a House - Senate committee working to resolve the differences.

✓ **Permanent repeal of the Death Tax:** H.R. 8 would permanently repeal the tax on inheritances. In 2001, Congress enacted legislation to reduce this tax gradually, reaching full repeal in 2010. Unfortunately, that repeal sunsets in 2011. H.R. 8 is a permanent solution and it passed the House by a vote of 264 to 163. The Senate has not acted on similar legislation.

✓ **Extended unemployment benefits for out-of-work Americans:** This Act continues the current unemployment benefits extension program until December 2003. It passed the House by a vote of 409 to 19. The Senate also approved it, and the President signed it into law.

✓ **Medicare prescription drug benefit:** This proposal would add a prescription drug benefit to

Medicare, allow private insurers to offer comprehensive coverage to seniors, and increase payments to various health care providers. It passed the House by a vote of 216 to 215. The Senate has approved a different version, and the two will have to be negotiated.

✓ **Health insurance to small business employees:** This legislation would allow trade associations to offer health insurance to member organizations. It passed the House by a vote of 262 to 162. There has been no Senate action as yet.

✓ **Medical justice legislation:** This bill is designed to speed the resolution of medical malpractice claims. Many doctors complain that they are paying excessive fees for malpractice insurance - fees caused by exorbitant payments to complainants which must, ultimately, be paid for by patients as a whole through their medical bills. The bill attempts to set a reasonable balance between the interests of doctors and patients. It passed the House by a vote of 217 to 203, but is stalled in the Senate.

✓ **Reauthorization of special education programs:** This bill would reauthorize education programs for children with disabilities. It would reform these programs to put more effort into teaching children and less into filling out paperwork and complying with bureaucratic regulations. It passed the House by a vote of 251 to 171. The Senate is working on its version of the proposal.

✓ **National AMBER Alert system:** This new law provides for a nationwide alert system to help locate missing children, and includes other crime-prevention tools. It passed both the House and Senate, and has been signed into law by the President.

✓ **Pension Security Act:** This bill would create important new protections for retirement savings. It passed the House by a vote of 271 to 157. There has been no Senate action as yet.

✓ **Social Security Protection Act:** On April 2, 2003, the House passed H.R. 743 to provide additional safeguards for Social Security and Supplemental Security Income beneficiaries with representative

payees. The bill passed the House by a vote of 396 - 28. There has been no Senate action to date.

✓ **Partial Birth Abortion Ban:** This bill outlaws the procedure of partial birth abortion. The House bill passed by a vote of 282-193. It has gone to Conference to work out minor differences between the Senate and House bills.

✓ **Class action lawsuits:** This bill would reform current class action lawsuits so that federal courts would have increased jurisdiction to hear large, interstate class action suits. The legislation includes a provision developing a class action plaintiff's bill of rights, which gives specific protections to class members. It passed the House by a vote of 253-170. It has been placed on the Senate calendar for debate.

✓ **Aviation programs reauthorization:** This bill would reauthorize the Federal Aviation Administration programs and provide funding to improve aviation infrastructure of \$48.4 billion over the next five years. The bill would enhance aviation security, fund the Airport Improvement Program and improve the air traffic control infrastructure. The bill passed the House by a vote of 418-8. The Senate passed a different version of the bill and the two chambers are currently negotiating a final version.

✓ **Unlawful internet gambling:** This bill makes it unlawful for financial institutions to process transactions from illegal Web sites. It passed the House by a vote of 319-104, and has been referred to the Senate.

✓ **Sweeping reforms of the nation's bankruptcy system:** This bankruptcy reform bill will restore balance to a bankruptcy system which has produced record filings in recent years. The bill is similar to legislation which passed both the House and the Senate by wide bipartisan margins during the 107th Congress but was not enacted because of a difference of opinion concerning bankruptcy treatment of abortion clinic protestors. The latest version of the bill has been approved by the House but is awaiting Senate action. ■

Tax Cuts and Unemployment Benefits

You have probably heard the rhetoric coming from Washington on President Bush's tax cut proposals. Democrats denounce them as "tax cuts for the rich" while Republicans endorse them as necessary to get our economy moving again.

Now that the House and Senate have both voted to give the President much of what he requested, it should be clear that both sides are right. Most people who pay federal taxes will get a tax cut. Those who pay the most taxes will get the most relief - so you can talk about "tax cuts for the rich" since those with the highest incomes will get to keep the most in dollar terms, and since those with the lowest incomes are already paying little or no federal income taxes.

But middle income taxpayers do best when measuring the tax cuts relative to those taxpayers' total income tax burden. That is, middle income taxpayers will see their taxes drop by the largest percentage.

For instance, the child tax credit will increase from \$600 to \$1,000, and 27 million families will receive checks of \$400 per child by summer's end. That credit phases out as incomes rise, so the rich won't benefit at all.

While the taxes on dividends and capital gains will be cut to a maximum rate of 15 percent for the wealthy, taxpayers in the lower brackets (10 and 15 percent) will pay only five percent on dividends and capital gains through 2007, with the rate dropping to zero in 2008.

People tend to think of wealthy capitalists when discussing investment income, but large numbers in the middle class depend on stocks and bonds to save for college and retirement. Accordingly, 26 million taxpayers with income from dividends and capital gains will enjoy an \$800 tax cut, on average. And thanks to the investment and other tax cuts, 12 million elderly taxpayers will get an average savings of \$1,401.

Naturally, since the federal government is already running well in the red, critics demand to know how Congress can afford tax cuts. Democrats are within their rights when they heckle Republicans for creating big deficits.

If there's ever a time to run deficits, however, it's when we are at war and when the economy is sluggish. We need to speed things up by encouraging people to spend and businesses to invest. Once incomes start rising again and businesses start making substantial profits again, federal revenues will start flowing in again.

"But," you may say, "tax cuts are nice when you have an income, but what about the unemployed?"

The answer, of course, is to get the economy moving again - which the tax cuts are, in part, designed to do. In the meantime, however, Congress has voted

to extend unemployment benefits for an additional 13 weeks. An estimated 2.5 million unemployed workers will receive extra help through this extension, on top of the five million who already have received federal extended benefits in 2002 and 2003.

Also, both the House and the Senate have passed legislation to extend the 2003 and 2004 increase in the Child Tax Credit to low-income families. At this writing, these bills have been referred to a House - Senate committee working to resolve the differences between the two bills. ■



In Washington on May 7, Rep. Petri took a test drive in General Motors' Hydrogen 3 zero-emissions prototype car, powered by hydrogen cell technology. He affirmed the importance of continued research to develop alternative fuels both to protect the environment and to strengthen America's energy independence.

Fighting Scam Movers

It happened to a couple from Thiensville: They contracted to move their household goods from Maine to Wisconsin for \$1,725 - but once their furniture, family heirlooms and keepsakes were out of their possession, the company demanded an additional \$2,000.

When the movers arrived in Thiensville they again demanded extra cash. The Fletchers refused, and the movers drove off with their property. Fortunately, there's a happy ending to this story. The Thiensville police were on hand and intervened, charging the movers with theft by intimidation.

Happy endings are unusual with this scam, however. Because movers engage in interstate commerce, local police usually consider it to be a federal matter and advise victims to contact the U.S. Department of Transportation (DOT), hire a lawyer and take the movers to court. Rogue companies correctly assume that most victims will choose to pay the ransom rather than go through a drawn-out, expensive legal process while their property is who-knows-where.

The vast majority of moving companies operate in a fair, open and honest way, but the muddled regulatory situation has provided a large opening for thugs. The Transportation Department estimates that it receives 4,000 complaints a year about scam movers, but says it lacks the staffing and resources necessary to respond adequately.

As Chairman of the House Highways, Transit and Pipelines Subcommittee, I held hearings in 1998 and 2001 on the problem and found enforcement by the DOT's Federal Motor Carrier Safety Administration to be ineffective. With limited resources, that agency understandably puts saving lives ahead of consumer protection.

In March the DOT joined with the FBI to indict 16 moving companies and 74 operators, owners and employees on various charges resulting from a two-year investigation. This was welcome progress, but during the war on terror it's hard to imagine the FBI providing the kind of broad and sustained effort needed to truly protect consumers and deter scammers.

In response, I've been trying to craft an approach that will provide simple justice without mobilizing opposition from the moving industry. I've found that even the honest movers fear regulations, frivolous lawsuits and legal actions more than they fear the damage done to their reputations by the crooks in their midst.

I understand and sympathize with those concerns, but something has to be done. Accordingly, I recently introduced the Securing Consumers' Assurance in Moving (SCAM) Act which would make it clear that state consumer protection offices have the right to bring legal actions against rogue movers that violate federal regulations and engage in frauds.

My proposal also would require the DOT to establish a federal-state working group to exchange information and coordinate enforcement efforts, would increase consumer information by establishing a consumer complaint database available to the public and would create new penalties for certain abuses.

My subcommittee is currently developing a bill to reauthorize our surface transportation programs, and I am working to see that provisions to address the household goods issue are included. ■

Some Other Bills I Have Introduced

Campaign Reform: More needs to be done to make campaign finance reform fair and effective. Some campaigns spread malicious rumors in the guise of opinion poll questions such as, "If you learned that John Doe accepts bribes, would that make you more or less likely to vote for him?"

My bill, H.R. 156, would make it harder for campaigns to suggest wrongdoing in large scale telephone polls without publicly admitting to being the source of the charge.

To reduce the possibility of undue influence from special interests, it's best to fund campaigns through numerous small contributions rather than a limited number of large checks. My bill, H.R. 157, would help by providing tax credits and deductions for small donors.

Poverty Trap: Low-income workers receiving government aid frequently find that as they begin to earn more, the level of aid drops and their taxes rise so quickly that they end up worse off than when they landed a higher paying job or accepted more hours of work. My bill, H.R. 618, would establish a commission to study and make recommendations to counter this "poverty trap." Already this year I have managed to win approval in the House of a proposal to have this issue studied by Congress' non-partisan General Accounting Office.

Over the years, legislators created this poverty trap by designing every government welfare assistance program in a vacuum, without ever considering the combined effects. The time has come for the government to seriously study this problem and begin efforts to reduce the negative consequences of combined benefit phaseouts as a recipient's income increases.

History and Civics Education: According to recent studies, more college seniors at elite institutions are familiar with cartoon characters Beavis and Butthead than have any idea who James Madison was. And one in five high school seniors thinks Germany was a U.S. ally during World War II, while one in four eighth-graders don't know why the Civil War was fought.

In recent decades the study of civics has been dropped from many school curricula, and American history - when it is taught at all - has been watered down, textbooks are dull, and their pages feature victims while diminishing heroes.

Whether native-born or immigrant, every American child should receive an honest, straightforward education covering who we are as a nation, how we got to the present day, how our government institutions were designed and how they operate.

As a start, I have introduced H.R. 2336, a bill which would establish grants to help train teachers in the subjects of traditional American history, free institutions, and Western civilization. ■



Oshkosh resident Mai Lee Chang, an incoming senior at Oshkosh North High School, spent July as a U.S. House Page sponsored by Rep. Petri. In return for an opportunity to learn about Congress from the inside, congressional pages carry packages between congressional offices, staff the legislative cloak rooms and bring phone messages to congressmen and senators on the House and Senate floors, among other duties.

HIGH SCHOOL STUDENTS: Service Academies Want You!

If you are an incoming high school senior, you are probably thinking about applying for college in the months ahead. Some will want to consider the U.S. Service Academies: the Military Academy at West Point, NY; the Naval Academy at Annapolis, MD; the Air Force Academy at Colorado Springs, CO; and the Merchant Marine Academy at Kings Point, NY.

If so, you should contact one of my offices listed in this newsletter by Oct. 15. Each congressional office is allowed to nominate a limited number of students for appointment to the academies. Nomination does not guarantee appointment, but does play a major part in the admissions process.

My nominations are based solely on the recommendations of an independent, bipartisan selection committee comprised of 6th District citizens.

In return for a commitment to serve in the military or Merchant Marine, the service academies provide top quality educations at virtually no cost to the students. The Coast Guard Academy at New London, CT, is also worth considering (it does not solicit congressional nominations, however).

Further information and computer links to the academies' Web sites can be found in the Students' Page section of my Web site located at:

www.house.gov/petri/kids.htm

Please remember the October 15 deadline if you are seeking nomination for the 2004-2005 school year.

Finally, congratulations are in order for my most recent nominees who won appointment and are now attending the academies.

Elizabeth Burnett of New Holstein and David Lorfeld of Oshkosh won appointment to Annapolis. Zachary Dvorak of Whitelaw won appointment to the Air Force Academy. Elizabeth Schubert of Appleton won appointment to West Point. And Paul Vetting of Manitowoc won appointment to Kings Point. ■

This mailing was prepared, published and mailed at taxpayer expense.

Reports

Representative

Tom Petri

to The Sixth District

If you have any questions or comments, please feel free to call or write. In addition to the usual "old fashioned" addresses and numbers on page 1, you can contact me by e-mail. Due to the high volume of messages coming to my old e-mail address from all over the country, I am now asking everybody from the 6th District to use the form linked to the front page of my Web site found at www.house.gov/petri

This form filters out "spam" e-mail, which can number in the hundreds or thousands on any given day. When writing by e-mail, please include your name and postal address to guarantee a response. Also, for those who would like to hear from me more frequently, I put out an occasional e-mail newsletter discussing issues currently receiving attention in Congress. If you would like to be added to my e-mail distribution list, drop me a note via my Web site as explained above.

Keeping in Touch

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Representative Tom Petri's August 2003

TOWN MEETINGS SCHEDULED

During the 107th Congress I spent 190 days working in Wisconsin, held 42 Citizen Hours in 21 cities, hosted 42 Town Meetings in 21 locations, and made 498 stops in 90 cities and towns.

Citizen Hours provide an opportunity to meet one-on-one with individuals who need help with Social Security or veterans benefits, who want to ask for help getting into the U.S. Military Academies, who want privately to discuss problems with farm programs, with the Internal Revenue Service and the like, or who simply want to express opinions about issues of national concern.

My most recent series of Citizen Hours was held in April at 12 locations, and there will be a new round his winter. As always, if it is more convenient for you or if your concerns are pressing, feel free to contact my Fond du Lac, Oshkosh or Washington offices.

Town Meetings, as opposed to Citizen Hours, provide opportunities to discuss national issues in a group setting. My latest round of Town Meetings will take place from August 26 through August 29 at 12 locations throughout central Wisconsin. Please come and express your opinions!

Tuesday, August 26th

9:30 - 10:30 a.m. — MANITOWOC

City Hall, 900 Quay Street
City Council Chambers

1:30 - 2:30 p.m. — SHEBOYGAN

Mead Public Library
710 North 8th Street
Rocca Meeting Room

3:30 - 4:30 p.m. — NEW HOLSTEIN

New Holstein Public Library
2115 Washington Street, Arps Room

Wednesday, August 27th

9:00 - 10:00 a.m. — ADAMS

City Hall, 101 North Main Street
Council Chambers

11:00 -12:00 Noon — WAUTOMA

CAPsell Center, 205 East Main Street
Conference Room C

1:30 - 2:30 p.m. — MONTELLO

National Exchange Bank
24 West Street, Community Room

4:00 - 5:00 p.m. — FOND DU LAC

City-County Government Center
160 South Macy Street, Meeting Rooms D & E

Thursday, August 28th

11:00 -12:00 Noon — NEENAH

City Hall
211 Walnut Street
City Council Chambers

2:00 - 3:00 p.m. — OSHKOSH

City Hall
215 Church Avenue
Room 406

Friday, August 29th

11:00 -12:00 Noon — MARKESAN

Municipal Building
150 South Bridge Street
Community Room

1:30 - 2:30 p.m. — BEAVER DAM

Beaver Dam Community Library
311 North Spring Street
Welsh Meeting Room

3:30 - 4:30 p.m. — WATERTOWN

Watertown Public Library
100 South Water Street
Room #1